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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 18, 1998

APPLICATION OF

WASHINGTON GAS LIGHT COMPANY

CASE NO. PUE971024

For approval of a Pilot
Delivery Service Program

FINAL ORDER

On December 22, 1997, Washington Gas Light Company ("WGL" or the "Company") filed an application requesting approval of an experimental firm delivery service program. The Company proposed to offer firm delivery service on a limited-term, pilot basis, under Rate Schedule Nos. 1A, 2A, 3A and 9, to residential, commercial and industrial, and group metered apartment customers who would otherwise purchase gas for the Company on a firm basis under Rate Schedules Nos. 1, 2, and 3, respectively. Rate Schedule 9, the Firm Delivery Service Pilot Program Gas Supplier Agreement, is a new schedule that sets forth the general terms and conditions under which suppliers can provide gas to participating customers.

The proposed pilot program is a two-year program. In the first year of the program, up to ten percent (10%) of the customers eligible for the service under Rate Schedule Nos. 1A, 2A, 3A and 9 would be permitted to participate. The level of participants would be increased to twenty percent (20%) during the second year of the program. In the first year of the program, gas suppliers would select annual balancing, while in the second year of the program, monthly balancing would be offered as an option. Enrollment in the pilot program will be on a rolling basis where annual balancing is selected. Rolling enrollment thus may require the program to extend for up to three years if participants enroll at the end of the second year.

Customers who participate in the program would purchase their gas commodity requirements from third party gas suppliers who elect to participate in the pilot program, while obtaining firm delivery from WGL. Gas suppliers would be pre-approved by the Company based on meeting creditworthiness standards and would qualify to participate by aggregating at least 100 Dekatherms of Average Daily Contract Quantity of sales to customers participating in the program.

WGL proposes to use the pilot program to gather information regarding customer awareness, customer education efforts and customer satisfaction with the Program. The Company also

proposes to use the Program to obtain information to measure the performance of marketers participating in the pilot program, including market share, customer retention and satisfaction, reliability and complaint resolution.

By Commission order dated February 12, 1998, and ruling dated May 8, 1998, the application was set for hearing on May 18th and June 8th, 1998. On May 18th, the statement of one intervenor was received. That intervenor, Washington Gas Energy Service ("WGES"), an affiliate of WGL, supported the program as proposed.

The Commission also received written comments from the Apartment and Office Building Association of Metropolitan Washington supporting the application.

On June 8, 1998, the prefiled testimony of WGL witnesses James Wagner and Joseph Schepis was received into the record. The prefiled testimony of Staff witness Rosemary Henderson was also received into the record.

The Company and Staff submitted a Joint Offer of Stipulation ("Stipulation") wherein they presented their recommendations for disposition of this case. That Stipulation was marked as Company Exhibit No. 5 and also admitted into the record. Therein, the Company and Staff state that the record is sufficient and adequate to support the fairness, justness, reasonableness and lawfulness of the program, with specific

modifications from the original application which generally impose several limitations on the participation of WGES in the program.

At the June 8, 1998 hearing, Chief Hearing Examiner Deborah V. Ellenberg issued her report from the bench. In that report, the Examiner found that the Stipulation was supported by the record and should be adopted. She specifically found, consistent with the Stipulation, that:

1. The two-year experimental program, as proposed in the application of WGL, and as modified by the Stipulation, will provide opportunities for customer education about new programs and provide the Company and Staff an opportunity to gather information about customer choice programs and affiliate interactions in customer choice programs, and therefore, it should be approved to begin on or about October 1, 1998;
2. In order to provide Staff with information to assist it in determining the impact of participation by an affiliated supplier on delivery service programs, WGES will not accept applications from residential customers of WGL for participation in the

pilot program until WGL has received applications from thirty-three (33%) percent of the eligible residential customer population, which is approximately 10,000, who have been subscribed by other qualified marketers, or ninety (90) days from the beginning of the enrollment period of the pilot program, whichever is sooner.

For the second year of the pilot program, WGES shall be permitted to participate fully in all aspects of the pilot program with respect to residential customers of WGL. WGES shall be permitted to participate fully in all aspects of the pilot program in both the first and second years of the pilot program with respect to firm service commercial, industrial and group metered apartment customers of WGL.

The limitation imposed on WGES with respect to its participation in the first year of the residential pilot program does not reflect an anticipation by Staff or the Commission that WGES will engage in wrongdoing, but is simply in support of the

desire to gather information through experimentation.

3. Rather than formally including a "Form of Agreement" section in the Company's tariff, the Company shall notify and provide copies to Staff in the future of any and all changes to those documents.
4. Any issues with respect to market studies and tracking costs which may have been raised in this case should be decided in Case No. PUA980005.

The Examiner recommended that the Commission enter and order that adopts the findings in her report; approves the application, as modified by the Stipulation; and dismisses this case from the docket or pending proceedings.

NOW THE COMMISSION, having considered the Examiner's Report, the record, and applicable law, is of the opinion that the Examiner's findings and recommendations are reasonable and should be accepted. It is in the public interest for WGL to initiate the pilot program as proposed in its application, and modified by the Stipulation, in order to gather data. Although the Program is approved, we make no findings concerning the reasonableness or recovery of its associated costs. Recovery of these costs is more properly the subject of a subsequent

proceeding in which the Company may offer evidence identifying and supporting the expenditures associated with its program.

Accordingly,

IT IS ORDERED THAT:

(1) The Examiner's findings and recommendations, as detailed in her June 8, 1998 Report are hereby adopted.

(2) WGL'S application, as modified by the Stipulation, is hereby approved.

(3) This matter shall be dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.